

## **Remarks**

Claims 1-23 are pending in this application. The Examiner has rejected claims 1-23 under 35 U.S.C. 103(a). The Examiner has required that a proposed drawing correction or corrected drawings be filed in reply to the Office Action. Applicants have concurrently filed substitute drawings that incorporate the corrections required by the Examiner. Applicants respectfully request the Examiner indicate that the corrected drawings are acceptable.

Regarding the amendment to claim 22, Applicants have amended the preamble of claim 22 to provide additional clarity by reciting a printing device configured to print on the check received in the document slot.

The Examiner has rejected claims 1-4, 6-7, 9, 11-12, 21, and 23 under 35 U.S.C. 103(a) as being unpatentable over Templeton (U.S. Patent No. 5,679,940) in view of Funk (U.S. Patent No. 5,832,463). Claim 1 recites an integrated point of sale payment terminal for processing multiple payment types including payment by check, wherein the payment terminal is located at the point of sale during use to allow a store merchant to accept multiple payment types. The payment terminal comprises a compact housing having a base shaped to sit on a merchant counter and having a document slot for receiving a check, a processor disposed in the housing, and a memory in communication with the processor. The payment terminal further comprises a magnetic ink character recognition device and an imaging device. The magnetic ink character recognition device is for reading a string of magnet ink characters on the check, and is affixed to the housing at the document slot and in communication with the processor. The imaging device is for capturing an image of the check, and is affixed to the housing at the document slot in communication with the processor. The processor is programmed to process multiple payment types including processing a checking account transaction when the check is placed in the document slot.

Templeton describes a transaction system with on/off line risk assessment. The Examiner acknowledges that the Templeton point of sale terminal lacks an imaging device. Templeton does describe check verification and check guarantee services. However,

Templeton offers no specific discussion of electronic check conversion or electronic check acceptance. Based on the specific teachings recited in Templeton, only check guarantee/verification services are being performed and the paper check is still required by the merchant to complete the transaction by depositing the paper check at the bank.

Funk describes a system and method for checkless check transactions, and includes an imaging device. The Examiner proposes to modify Templeton in view of Funk to incorporate the imaging device taught by Funk into the terminal of Templeton. Applicants believe that there is no motivation to combine Funk with Templeton to achieve the claimed invention. Specifically, Templeton only discusses check guarantee/verification services and the paper check is still required in Templeton to complete the transaction. Accordingly, there is no suggestion or motivation to modify Templeton to include an imaging device to capture an image for electronic check acceptance because the actual check remains present in Templeton after completion of the transaction. Because Applicants believe that there is no motivation to combine these references, Applicants maintain that the claims are patentable over these references.

Specifically, claim 1 is believed to be patentable because there is no motivation to combine the imaging device of Funk with the terminal of Templeton. Claims 2-4, 6-7, and 9 are believed to be patentable for their dependency upon claim 1. Regarding claim 12, claim 12 is believed to be patentable for reasons given above. In addition, claim 12 recites a specific method of electronic check conversion for use with an integrated point of sale terminal for processing multiple payment types. In addition to Applicants believing that there is no motivation to combine the references to achieve the claimed invention, the Examiner has failed to point out a specific teaching or suggestion of the recited subject matter in claim 12. For example, the proposed combination fails to describe or suggest determining an image status of the transaction based on the set of image rules, and immediately requesting the transferring of the image from the payment terminal to the host when the image status is required, otherwise, allowing the payment terminal to transfer the image to the host, if at all, when the payment terminal is idle.

Regarding claim 11, Applicants reiterate that there is no motivation to combine the relied upon references to achieve the claimed invention. In addition, the proposed combination still fails to describe or suggest processing the transaction as an electronic debit when the status is eligible, and otherwise, processing the transaction as a paper check as recited by claim 11.

Applicants note that the Examiner has failed to provide any specific ground of rejection for claims 21 and 23. Regarding claim 21, Applicants believe that the recited method of electronic check conversion is patentable. Specifically, claim 21 recites, among other subject matter, sending an authorization packet including an application version, sending a response packet, and downloading the more current version of the application to the payment terminal from the host. Regarding claim 23, this claim recites a method of electronic check conversion that is also believed to be patentable.

The Examiner has rejected claims 5 and 22 under 35 U.S.C. 103(a) as being unpatentable over Templeton in view of Funk and further in view of Higashiyama (U.S. Patent No. 5,175,682). Regarding claim 5, claim 5 is believed to be patentable for reasons stated above. Further, Applicants point out that Higashiyama describes a separate printer 203 that is not part of the payment terminal as recited by claim 5. Regarding claim 22, this claim is believed to be patentable for reasons stated above. In addition, the Examiner states that it would have been obvious to one of ordinary skill in the art at the time the invention was made to program the printer to be able to print the money order because in essence, this is just another type of receipt and can be used by the customer as proof of the transaction. Applicants disagree. The money order is printed for the consumer with a printing device and represents a negotiable instrument that may be paid to order. Claim 22 recites printing the money order, capturing an image of the money order, and sending the image of the money order to a host as a receipt for the money order and is believed to be patentable.

The Examiner has rejected claim 8 under 35 U.S.C. 103(a) as being unpatentable over Templeton in view of Funk and further in view of Hills (U.S. Patent No. 6,164,528). Claim 8 is believed to be patentable for its dependency on Claim 1.


The Examiner has rejected claim 10 under 35 U.S.C. 103(a) as being unpatentable over Templeton in view of Funk and further in view of Harr (U.S. Patent No. 3,599,151). Claim 10 is believed to be patentable for its dependency on Claim 1.

The Examiner has rejected claims 13-20 under 35 U.S.C. 103(a) as being unpatentable over Templeton in view of Funk and further in view of Hills and Higashiyama. Applicants believe that these claims are patentable over the relied upon prior art for reasons given above, including the lack of motivation to combine teachings of Funk with teachings of Templeton to achieve some aspects of the claimed invention. For example, independent claims 13, 14, and 19 each recite an imaging device in a point of sale payment terminal that accepts multiple payment types. Claims 15-18 and 20 are dependent claims and also include the imaging device.

In summary, Applicants have provided corrected drawings, and have addressed all of the Examiner's claim rejections. Applicants respectfully request that the Examiner reconsider this application, and allow claim 1-23.

Respectfully submitted,

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Date: May 10, 2002

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**VERSION WITH MARKINGS TO SHOW CHANGES MADE**

22. (Amended) A method of electronic check conversion for use with an integrated point of sale payment terminal for processing multiple payment types including payment by check, the payment terminal being located at the point of sale during use to allow a store merchant to accept multiple payment types, the payment terminal including a compact housing having a base shaped to sit on a merchant counter and having a document slot for receiving a check, a processor disposed in the housing, a memory in communication with the processor, a magnetic ink character recognition device for reading a string of magnetic ink characters on the check and affixed to the housing at the document slot and in communication with the processor, [and] an imaging device for capturing an image of the check and affixed to the housing at the document slot and in communication with the processor, a printing device configured to print on the check received in the document slot wherein the processor is programmed to process multiple payment types including processing a checking account transaction when the check is placed in the document slot, the method comprising:

- printing a money order for a consumer with the printing device;
- capturing an image of the money order with the imaging device; and
- sending the image of the money order to a host as a receipt for the money order.

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